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NPIC/TDS/D-885-67
14 June 1967

MEMORANDUM FOR: Chief, Contract Settlement Section/CASB/PD/OL

SUBJECT : Request for Additional Funds for Contract [REDACTED]
[REDACTED]

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1. The subject contract with [REDACTED] was for the design and development of a modified film transport system for the [REDACTED] Enlarger. The original CPIF contract for [REDACTED] was amended with a [REDACTED] overrun on 20 May 1966. The modification was installed at NPIC in late April 1966 and after extensive testing and operational evaluation the Technical Development Staff recommended acceptance on 14 July 1966. An excellent incentive rating was given because of the superior technical performance by the Contractor.

2. The attached overrun request from the Contractor dated 26 May 1967 states that technical difficulties caused them to incur costs above those originally allocated. Specifically, [REDACTED] of overrun costs are claimed.

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3. Before a reasonable evaluation of this claim can be made certain factors must be known.

- a. Were these costs incurred for work done for this project and if so were they incurred within the contractual period? The auditors should be able to determine this factor.
- b. Why did the Contractor delay for almost a year in submitting a claim for these additional costs?
- c. Why didn't the Contractor follow established procedures in requesting approval for the anticipated overrun before he incurred it? This claim is apparently not just for overhead and/or G&A rate changes, but clearly a request for additional hourly costs.

4. My Staff will remain available to help make a decision on this matter when satisfactory answers to these questions have been supplied by the Contractor.

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GROUP 1
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downgrading and
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Colonel, USAF
Assistant for Technical Development, NPIC

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